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September 29, 2005

TO: Each Supervisor

FROM: Thomas L. Garthwaite, M.D.,
Director and Chief Medical Officer
Department of Health Services

J. Tyler McCauley
Auditor-Controller

SUBJECT: SECOND REVIEW OF NAVIGANT CONSULTING, INC.'S CONTRACT DELIVERABLES

The Department of Health Services (DHS) and the Auditor-Controller (A-C) completed a second review of Navigant Consulting, Inc.'s (Navigant) compliance with Navigant's contract for consultant services at King/Drew Medical Center (KDMC). DHS and A-C reviewed Navigant's progress in implementing a sample of contract deliverables and Urgent and Short-term workplan recommendations made during Navigant's facility-wide assessment in January 2005. The review included interviewing Navigant staff and DHS/KDMC management and staff, reviewing documentation, and performing test work to validate implementation progress.

Background

The County's contract with Navigant includes 35 deliverables. Based on one of the deliverables, Navigant developed a detailed action plan [workplan] that included 1,066 recommendations to address deficiencies or inefficiencies identified in its assessment of KDMC systems and operations. Navigant indicated that, since their initial assessment, and based on their implementation efforts, there have been modifications (additions, deletions, or changes) to the initial recommendations. As of July 2005, the total number of workplan recommendations had been reduced to 966. The workplan recommendations were separated into categories based on the urgency of the

recommended action. In July, Navigant reported that 433 (45%) of the 966 recommendations have been implemented. Specifically, 189 (95%) of the 199 Urgent recommendations, 217 (75%) of the 290 Short-term recommendations and 27 (6%) of the 477 Intermediate/Long-Term recommendations had been implemented. The due dates for the Urgent and Short-term recommendations were February 28, 2005 and June 30, 2005, respectively.

Review of Implementation Status

We reviewed a total of 16 contract deliverables and 34 workplan recommendations. The selection of these items were based on the importance and risk associated with each deliverable and recommendation. In addition, we reviewed deliverables and recommendations that should have already been implemented as of the date of our review. Our sample of the 21 Short-term recommendations included only recommendations Navigant had reported as implemented. The following table indicates the current status of the deliverables and workplan recommendations based on our review:

CURRENT STATUS OF URGENT & SHORT-TERM WORKPLAN RECOMMENDATIONS AND DELIVERABLES

	Total Reviewed	Implemented	% Implemented	In Progress	% In Progress
Urgent	13 (2)	7	54%	6	46%
Short-Term	21	18	86%	3	14%
TOTAL:	34	25	74%	9	26%
Deliverables	16	7	44%	9 (1)	56%

(1) For one of the In Progress deliverables, Navigant completed all of the required tasks. However, the deliverable is ongoing and requires Navigant to continue implementation throughout the contract term.

(2) Our review included 17 Urgent recommendations that had not been fully implemented. However, one was determined to no longer be applicable and three were subsequently deleted by Navigant from the workplan.

Conclusion

While Navigant has made some progress in implementing the contract deliverables, there are areas that the auditors could not determine the status due to a lack of supporting documentation from Navigant. Specifically, the auditors were unable to determine if Navigant is in compliance with its deliverable to prepare the hospital to obtain full reinstatement of JCAHO accreditation by December 31, 2005. In addition, the A-C indicated that Navigant did not have adequate documentation to allow the A-C to determine whether Navigant had provided the required staffing levels. The A-C also noted that Navigant had not completed their assessment of nursing staff competencies.

Our review of a sample of Urgent workplan recommendations showed a lower implementation percentage than Navigant has reported. Our sample of Short-term recommendations disclosed that three of the recommendations reported by Navigant as implemented had not been implemented. Navigant management indicated that, in the future, they will either remove recommendations that are no longer applicable or modify the recommendations to meet the intent and ensure overall compliance with the workplan recommendations. The workplan is the overall performance indicator of the accomplishments made by both Navigant and DHS to make critical changes in the operations of the facility.

Details of our findings and recommendations are included in Attachment I. A copy of this audit was provided to both Navigant and the KDMC Hospital Advisory Board for their review and comment. Navigant's response to the results of our review, along with our comments are included as Attachment II to the report.

Please let us know if you have any questions.

TLG/JTM:sr

Attachments

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors
Navigant Consulting, Inc.

Attachment I

LOS ANGELES COUNTY – DEPARTMENT OF HEALTH SERVICES

AUDIT AND COMPLIANCE DIVISION

- AND -

LOS ANGELES COUNTY AUDITOR-CONTROLLER

SUBJECT: REVIEW OF CONTRACT DELIVERABLES - NAVIGANT CONSULTING, INC.

PURPOSE/BACKGROUND:

Based on issues raised by the Federal Centers for Medicare and Medicaid Services, the County Department of Health Services (DHS) contracted with Navigant Consulting, Inc. (Navigant) to provide interim management services and a facility-wide assessment at King/Drew Medical Center (KDMC). The contract between Navigant and DHS, including the May amendment, is for approximately $15 million. The interim management services included providing on-site management, such as a Chief Executive Officer, Chief Operating Officer, Chief Nursing Officer, and other key management positions. The facility-wide assessment included developing and implementing recommendations to correct clinical and operational deficiencies at KDMC. The contract stipulates that the DHS Chief Operating Officer (COO) will monitor Navigant's performance to ensure obligations under the agreement have been met and review all tasks, deliverables, goods, services, and other work provided by or on behalf of Navigant.

In accordance with the contract, Navigant developed a detailed action plan [workplan] that included 1,066 recommendations to address deficiencies or inefficiencies identified in its assessment of KDMC systems and operations. Navigant indicated that modifications (additions, deletions, or changes) have been made to the recommendations based on changing priorities, new discoveries, and/or a lack of improvement in performance measures. As of July 2005, the total number of workplan recommendations had been reduced to 966. The workplan recommendations were separated into categories based on the urgency of the recommended action. In July 2005, Navigant reported that 433 (45%) of the 966 recommendations had been implemented. Specifically, 189 (95%) of the 199 Urgent recommendations, 217 (75%) of the 290 Short-term recommendations and 27 (6%) of the 477 Intermediate/Long-Term recommendations had been implemented. The due dates for the Urgent and Short-term recommendations were February 28, 2005 and June 30, 2005, respectively.

SCOPE/REVIEW RESULTS:

DHS' Audit and Compliance Division (A&CD) in conjunction with the Auditor-Controller has conducted two reviews of the contract deliverables and workplan recommendations. The report for the first review was issued to the Board of Supervisors on June 13, 2005. We are reporting on the second review. We reviewed a total of 16 contract deliverables and 34 workplan recommendations.

The following table indicates the current status of the deliverables and workplan recommendations based on our review:

CURRENT STATUS OF URGENT & SHORT-TERM WORKPLAN RECOMMENDATIONS AND DELIVERABLES

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(1) For one of the In Progress deliverables, Navigant completed all of the required tasks. However, the deliverable is ongoing and requires Navigant to continue implementation throughout the contract term.

(2) Our review included 17 Urgent recommendations that had not been fully implemented. However, one was determined to be no longer applicable and three were subsequently deleted by Navigant from the workplan.

Our sample was selected based on the importance and risk associated with each deliverable and recommendation. In addition, we reviewed deliverables and recommendations that should have already been implemented as of the date of our review.

A&CD and the Auditor-Controller interviewed Navigant, Department of Human Resources (DHR), DHS Administration, and KDMC employees and reviewed relevant and available documents to support the findings contained in this report.

REVIEW OF CONTRACT DELIVERABLES

We reviewed a total of 16 contract deliverables. Overall, the findings indicate that seven (44%) of the 16 deliverables have been implemented and nine (56%) remain in progress.

- **Deliverable 1.1**

  Requires Navigant to provide full-time, on-site Chief Executive Officer, Chief Operations Officer, Chief Nursing Officer, Physician Advisor, Senior Pharmacies Consultant, Senior Radiology Consultant, Senior Laboratory Consultant, Senior Medical Records Consultant, and various nurse managers unless released from this obligation pursuant to the provisions above.

  Current Status: **In Progress**

  Auditor-Controller's Findings

  In the previous review, the Auditors noted instances where Navigant did not appear to always provide the required full-time, on-site staff. Navigant responded that any instances of reduced staffing were fully offset by additional staffing at other times and/or other areas for which Navigant did not bill the County. Navigant also indicated that they would provide DHS with a reconciliation of all Navigant staff hours to document that they provided the required staffing. In addition, as required by the contract amendment, Navigant was required to provide an itemized invoice, along with a certification signed by Navigant's Project Director attesting to the level of services provided.

  Navigant submitted a Contract Reconciliation and a listing of "Man Day Equivalents" (MDEs) Navigant claimed were worked from November 2004 through July 2005. Navigant's reconciliation/documentation indicated that Navigant had provided the required staff. However, our review indicates that, although the amendment requires Navigant to have documentation to support the certification, Navigant does not maintain documentation (e.g., attendance logs, timecards, etc.) supporting the reported number of MDEs worked by Navigant staff. As a result, the Auditors could not verify the number of MDEs reported by Navigant and whether Navigant is providing the required full-time, on-site staff.

- **Deliverable 1.5**

  By March 1, 2005, develop and thereafter, implement a transition plan that replaces Contractors' interim managers with permanent managers so that the corrections can be sustained.

  Current Status: **In Progress**

  Audit and Compliance Division's Findings

  In addition to consultant and advisor positions, the contract indicates that Navigant will provide Interim Management Services for the CEO, COO, CNO, and Clinical Nursing

Directors (CND) for psychiatry, intensive care, emergency services, medical/surgical services, operating room and maternal-child health. Navigant provided recruitment/transition plans for these positions, as well as for the Radiology Administrative Director and Director of Health Information Management (HIM) positions.

A CEO for KDMC has been hired and is scheduled to start with the County on October 17, 2005. In addition, DHR confirmed that an offer for the CNO position was made but was declined, and there is a list of COO candidates for consideration by the CEO upon assuming the position. Two CND positions have been filled, including the Medical/Surgical and Critical Care who started with the County on July 18, 2005, and the Perioperative/Women's Health, who started with the County on August 15, 2005. In addition, DHR confirmed that final consideration is being given for the CND for Psychiatry, and recruitment efforts continue for the Clinical Nursing Director for Emergency.

DHR further indicated that DHS and Navigant continue to work with DHR to recruit aggressively for other administrative positions.

- **Deliverable 1.7**

Identify gaps in mid-level management positions by March 1, 2005. In consultation with DHS' HR staff, by September 1, 2005, recruit, interview, and make recommendations for hire to the County for positions necessary to fill the management gaps. For all recruitment activities, it is the responsibility of the County to support the cost of recruiting such as travel, screening and, if necessary, the use of outside recruiters.

Current Status: **In Progress**

Audit and Compliance Division's Findings

A CEO for the Hubert H. Humphrey Comprehensive Health Center (HHHCHC) and two CND positions have been filled. In addition, the Pharmacy Services Chief was hired and started with the County on July 11, 2005, the Director of HIM was hired and started with the County on September 1, 2005, and the Facilities Operations and Crafts Manager was identified and assumed the role.

A&CD reviewed KDMC Exams for Management and Executive Positions report provided by DHR and noted ongoing recruitment efforts such as interviews, pending background checks, and review of received applications and resumes. According to the report, six positions are pending recruitment.

- **Deliverable 1.10**

By June 1, 2005, assess clinical competence of all members of the medical staff and develop and begin implementing necessary skills remediation.

Status: **Implemented**

Auditor-Controller's Findings

The Auditor's review of Navigant's assessment of medical staff's clinical competence and interviews with Navigant and DHS managers indicate that Navigant has conducted an adequate review in this area. The Auditors reviewed a total of 12 physicians and noted that Navigant completed clinical assessments for each of the physicians reviewed. As a result of the assessment, Navigant also identified some challenges and priorities for KDMC physicians and have begun conducting training classes and/or presentations to address these issues.

- **Deliverable 1.12**

Recommend and implement a system for implementation, oversight, and reporting of corrective actions for any significant or peer reviewed clinical events.

Current Status: **Implemented**

Audit and Compliance Division's Findings

KDMC Policy 02-120 on Close Call/Near Miss, Adverse, and Sentinel Event Notification, Reporting and Documentation was revised in June 2005 and approved on July 8, 2005. Based on the meeting minutes, the policy was distributed and discussed in the June 28 Nursing Management Meeting and the June 27 Senior Staff Meeting.

Navigant staff participate in daily conference calls with DHS Administrative staff and KDMC Administrative staff that includes discussion of all deaths. Navigant indicated that during the conference call it is determined if a death is considered a "sentinel" event. If so, the identified event is subject to a root cause analysis. Prior to May 2005, conference calls were not formalized to include this type of information. DHS Administration confirmed that this information is also reported by Navigant to the Executive Cabinet, Senior Administrative Staff, and the HAB Advisory Board, and is communicated to the Board of Supervisors. Additionally, Navigant staff stated that they have reviewed deaths from January 2005 to May 2005, to determine whether they were "sentinel" events, which was confirmed by the Auditor-Controller as noted below.

- **Deliverable 1.13**

Throughout the duration of the Agreement, assure that root cause analyses are conducted on all incidents determined to be significant events. Make and implement recommendations to address and resolve personnel and systems issues uncovered by the root cause analyses.

Current Status: **In Progress**

Auditor-Controller's Findings

As indicated in the previous review, Navigant was involved in root cause analyses and participated in making and implementing recommendations to address personnel and systems issues uncovered by root cause analyses. However, it was noted that required reports/notification on sentinel events were not always provided to DHS Administration.

Navigant has since developed policies and procedures for Close Call/Near Miss, Adverse, and Sentinel Event Notification, Reporting and Documentation and Case Review and Response and Root Cause Analysis. Navigant also participates in daily, morning conference calls with DHS Administration and KDMC management to discuss all significant events that occurred during the prior work day(s) to identify which incidents are sentinel events and require root cause analysis. In addition, Navigant has assisted in a retrospective review of all significant events that have occurred since January 2005, and has identified an additional six significant events that required root cause analysis. To date, Navigant participated in five of the six root cause analyses identified in the review; the sixth root cause analysis is in the process of being scheduled.

- **Deliverable 1.15**

Review the work previously provided by The Camden Group and continue the ongoing assessment of the competency of nursing staff at the Hospital, institute remediation for those nurses who do not meet standards, and recommend to the COO of DHS personnel actions for those nurses who fail remediation.

Status: **In Progress**

Auditor-Controller's Findings

Navigant developed license verification procedures and established credentialing requirements for nursing services. Navigant also indicated that KDMC staff maintains a nursing license and credentialing database and reviews nursing licenses and credentials on a monthly basis. However, the Auditors reviewed a total of 16 nurses to determine whether all required licenses and credentials were included in their nurse area file, and noted that, for three of the nurses reviewed, the area file did not include all the required credentials. In addition, KDMC developed a Nursing Skills Inventory/Competency Assessment Form. However, Navigant indicated that they are still in the process of completing the nurse assessments.

- **Deliverable 1.16**

Automate basic nursing reports for use by nursing administrative office. If additional technology or information systems are required, the County shall be responsible for the costs of

such technology. If the County does not fund the needed technology, this Deliverable will be modified by mutual agreement of the parties.

Status: **Implemented**

Auditor-Controller's Findings

Navigant has developed a system to create the basic nursing reports used by the nursing administrative office. KDMC nurse managers gather patient related information including the patient census, available beds, total nursing staff, etc., and report this information to the Chief Nursing Officer for analysis. This information is used to create the Daily Activity, Night Shift, Nursing Supervisor Shift, and Position Control nursing reports used to evaluate staffing needs and patient care coverage.

- **Deliverable 1.17**

Develop by January 17, 2005, a new Performance Improvement Program, which is compliant with Joint Commission on the Accreditation of Healthcare Organizations (JCAHO) National Patient Safety Goals, and after receiving approval from the County Project Director, work toward implementation of this plan. Contractor shall ensure appropriate involvement of physicians in Performance Improvement Program activities.

Current Status: **Implemented**

Auditor-Controller's Findings

Navigant's facility-wide assessment included several recommendations related to JCAHO performance improvement and compliance. Navigant also developed a new Performance Improvement Plan addressing JCAHO's 2005 Patient Safety Goals. In addition, Navigant established a Hospital Quality Management Team at KDMC to coordinate all organizational quality and performance improvement initiatives, including patient safety and regulatory and compliance requirements.

- **Deliverable 1.20**

By January 17, 2005, review the work previously provided by The Camden Group and, to the extent necessary, complete the restructuring of the nursing administration functions and office.

Status: **Implemented**

Auditor-Controller's Findings

The Auditor's review of the Nursing Administration Office organizational chart and interviews with DHS and Navigant managers indicate that significant changes have been made to the structure of Nursing services. Specifically, the structure has been reorganized to

include more upper and middle management positions, which allows for greater accountability. In addition, Navigant developed job descriptions (i.e., job summary, responsibilities, etc.) for the Nursing management positions.

- **Deliverable 1.21**

By March 15, 2005, review the work previously provided by The Camden Group and, to the extent necessary, complete the review and revision of the nursing policies and procedures to determine the level of appropriateness and compliance with outside regulatory requirements.

Status: **In Progress**

Auditor-Controller's Findings

Navigant drafted a Nursing Departmental Policy Manual Table of Contents, which includes all related nursing policies established for KDMC. Navigant indicated that they are in the process of reviewing and revising the policies and procedures for all nursing services to determine the level of appropriateness and ensure compliance with outside regulatory requirements.

- **Deliverable 2.3**

Reduce the number of admitted patients awaiting a bed in the Emergency Department "holding area" (7:00 a.m. snapshot) from the baseline of 19 to 10.

Status: **In Progress**

Audit and Compliance Division's Findings:

Monday through Sunday at 7:00 a.m., the Nurse Manager or the Assistant Nurse Manager of the Emergency Department takes a "snapshot" of patient census. This count is recorded on the "Nursing Daily Activity Report" and entered into a database. The count includes the number of patients located in the Emergency Department "holding" area who are waiting for a bed and who have been admitted. The Patient Flow Coordinator/Nurse Supervisor provides a daily report that includes this information to the CEO to keep Administration informed of the patient flow. A&CD reviewed the KDMC Daily Activities Log, which includes the count of these patients. Data for the snapshot has been reported to DHS since April 2005, as 9.8, 10.9 and 8.9, for April, May, and June, respectively. A&CD reviewed daily activity reports for 29 days in June and confirmed an average of 8.9 patients. Although the information has not been formally reported or verified, Navigant indicated that the data for July and August reflects 10.5 and 7.0, respectively.

- **Deliverable 2.4**

Reduce the average length of stay for treated and released Emergency Department patients from the baseline of 744 minutes to 660 minutes.

Status: **Implemented**

Audit and Compliance Division's Findings:

Navigant stated that Length of Stay (LOS) is defined as the length of time from the date and time of registration to the date and time of discharge that is captured by Affinity for all patients treated. Navigant indicated that a number of changes have been implemented to make the Emergency Department Triage more efficient, such as use of a five level acuity triage system, extensive nurse training on the system and guidelines, appointment of a patient flow manager to communicate with triage, less acute patients seen in urgent care, increased the number of physicians, opening of additional Intensive Care Unit (ICU) and floor beds, and having a core group of nurses. A&CD reviewed the sign-in logs for the training provided for the Emergency Nursing Triage Acuity Levels/Triage Policy, which indicated training provided in March through June 2005. Navigant indicated that the Emergency Department nurses received training on the triage policy and system in March, and the Nurse Manager periodically queries the nurses to ensure compliance.

In January 2005, Navigant reported LOS as 900 minutes. However, from February through June, Navigant has reported an average of 505 minutes, which is below the target of 660 minutes. Specifically, the LOS was reported as 510 minutes in February, 498 minutes in March, 528 minutes in April, 510 minutes in May, and 480 minutes in June. A&CD received a copy of an Affinity database "Nursing Daily Emergency Services" Log for August 17, 2005. Review of the Log and calculations indicate that the LOS for a patient on this date is 286 minutes, which is consistent with the average LOS reported below the 660 minutes benchmark reported by Navigant.

- **Deliverable 2.5**

Reduce the average length of stay for admitted patients in the Emergency Department from a baseline of 1223 minutes to 990 minutes.

Status: **Implemented**

Audit and Compliance Division's Findings:

As noted above in Deliverable 2.4, Navigant indicated that a number of changes have been implemented to make the Emergency Department Triage more efficient, including appointing a flow manager to assist in expediting the admission of Emergency Department patients to open beds on either the floor or in ICU. In addition, Navigant indicated that since implementation of the five level acuity triage system, patients are admitted in a more timely,

effective, and efficient manner.

In January 2005, Navigant reported LOS as 1,020 minutes. However, from February through June, Navigant has reported an average of 654 minutes, which is below the target of 660 minutes. Specifically the LOS was reported as 666 in February, 690 in March, 684 in April, 642 in May, and 588 in June. A review of the "Nursing Daily Emergency Services" Log from Affinity for August 17, 2005 and calculation of the average LOS of 512 minutes, which is consistent with the average LOS reported below the 990 minutes benchmark reported by Navigant.

- **Deliverable 2.7**

Improve by 50% operating room utilization (by number of minutes of operating room (OR) use/staffed minute) from a baseline of 22% to 33%.

Status: **In Progress**

Audit and Compliance Division's Findings:

Navigant indicated that the utilization of the OR suite is based upon the total case hours and the total OR available staffed hours. Navigant also indicated that based on the volume of surgical cases, the OR hours of operation were reduced in March, April, June, and August 2005. KDMC OR staff confirmed that the OR rooms are blocked for scheduling as indicated in the OR Available hours provided by Navigant.

Navigant has reported an increase in OR Suite Utilization from 24% in February 2005 to 34% in July 2005, an average of 27% for the six months reported. Specifically, the OR utilization was reported as 24% in February, 24% in March, 23% in April, 25% in May, 32% in June, and 34% in July. For June 2005, A&CD verified the surgery times for patients recorded in the OR log in the ORSOS, the OR scheduling system, and the Perioperative Compass that summarizes patient statistics in the OR were generally consistent with the OR available hours provided and reported by Navigant.

- **Deliverable 2.12**

To the extent possible within the limits of Contractor's control, prepare the Hospital to obtain reinstatement of full JCAHO accreditation by December 31, 2005.

Status: **In Progress**

Audit and Compliance Division's Findings:

Navigant indicated that weekly mock surveys are conducted at KDMC to determine weaknesses in compliance. Navigant indicated that a weekly "dashboard" is used to summarize the progress of initiatives and actions taken for regulatory compliance. A&CD

reviewed the Regulatory Readiness Committee meeting minutes that indicated the Committee reviewed and agreed upon the format, which lists the chapters of JCAHO Standards including Patient Safety Goals, Provision of Care, Management of Human Resources, Leadership, etc., for critical compliance issues identified by JCAHO, CMS, DHS, and other agencies. Navigant informed A&CD that the dashboard has recently been revised to include the accountable managers for each critical compliance item and related Implementation Workplan recommendations. The dashboard gives a status based on data collected and reported as a result of mock surveys for the previously identified deficient compliance indicators. Of the 12 JCAHO Functions/Standards' Chapters included, the dashboard indicated none of the areas were in full compliance. Specifically, eight (67%) of the 12 areas were in partial compliance, and four (33%) of the 12 areas were out of compliance.

One KDMC manager indicated that the most recent mock survey in the manager's area was conducted in August 2005 by University Health System Consortium (UHC) who assessed compliance of JCAHO National Safety Goals, JCAHO Standards, hospital policies and procedures, and patient care environment. The manager also stated that senior staff and the Executive Cabinet conduct bimonthly mock surveys in select areas resulting in additional corrective actions to resolve compliance issues. The manager also indicated that KDMC managers conduct annual self-assessments of hospital departments.

DHS Regulatory Compliance staff stated that three surveyors from UHC conducted a mock survey for the facility on August 8-10, 2005. The staff indicated that the results of the UHC survey for their section were generally consistent with the results reported in the KDMC dashboard, referencing the fact that no areas are in full compliance. The staff also indicated that Regulatory Readiness Committee meetings are usually held every other week with Navigant to discuss progress made on the JCAHO deficiencies. In addition, the staff stated that Regulatory Readiness Committee meetings would be scheduled once a week beginning the week of September 12, 2005, which will focus on previous JCAHO citations and identified readiness compliance issues. Both Navigant and the DHS staff interviewed indicated that there is a significant amount of work to be done for KDMC to be fully JCAHO compliant by December 31, 2005.

A&CD requested to review the results of the KDMC and the UHC mock surveys, however, Navigant indicated that they could not disclose the results of the surveys. Without the results of the mock surveys, A&CD cannot verify the status of JCAHO readiness or compliance with this Deliverable.

CONCLUSIONS:

1. Follow up of the six deliverables previously reviewed in our first review indicated that two (33%) deliverables have been implemented and four (67%) remain in progress.

2. Of the ten deliverables reviewed in our second review, five (50%) were implemented and five (50%) are in progress.

3. Navigant has not maintained documentation to verify that the required full-time, on-site staffing level has been provided.

4. Navigant continues to work with DHS and DHR to recruit for permanent Executive and Management positions.

5. KDMC developed a Nursing Skills Inventory/Competency Assessment Form and is in the process of completing the nurse assessments.

6. Navigant continues to work on reviewing and revising the policies and procedures for all Nursing services.

7. The five months reported for the number of admitted patients awaiting a bed in the Emergency Department "holding area" indicates a decrease from the baseline. Three of the five months indicated that the average number of patients met the target and two were within one patient.

8. While the operating room utilization was reported as 32% and 34% in June and July 2005, the average for the past six months is 27%. The 50% baseline target utilization is 33%.

9. Based on the JCAHO Readiness Dashboard provided by Navigant, the current status of the 12 areas included in the dashboard of previously identified deficiencies indicates that eight of the 12 are in partial compliance and four of the 12 are in non-compliance. Navigant would not disclose the results of the KDMC or UHC mock surveys and there are no other indicators to verify the status of compliance.

RECOMMENDATIONS:

1. DHS should require Navigant to maintain time reporting documentation and submit the documentation along with the certification to ensure that the documentation adequately supports the level of services provided in order to effectively monitor Navigant's staffing.

2. Navigant should continue to work with DHR to recruit and fill the permanent manager positions.

3. Navigant should continue to work with HR to fill vacant mid-level management positions.

4. Navigant should continue to assure that root cause analyses are conducted on all incidents determined to be significant events and make and implement recommendations to address and resolve personnel and systems issues uncovered by the root cause analyses.

5. DHS should ensure that Navigant performs and completes competency assessments for all Nursing staff and that each nurse has the required licenses and credentials.

6. Navigant should continue to review and revise the policies and procedures for all nursing services.

7. Navigant should continue to monitor the number of patients awaiting a bed in the Emergency Department to maintain the established target.

8. Navigant should continue to monitor operating room utilization to maintain the established target.

9. DHS should ensure that Navigant is on track to obtain reinstatement of full JCAHO accreditation by December 31, 2005.

REVIEW OF THE ASSESSMENT WORKPLAN

We reviewed a total of 34 workplan recommendations. Overall, the findings indicate that 25 (74%) of the 34 Urgent and Short-term recommendations have been implemented and nine (26%) remain in progress.

URGENT WORKPLAN RECOMMENDATIONS

- **Recommendation S02-I03-R003**

  Review and revise the incident reporting policies and procedures.

  Current Status: **Implemented**

- **Recommendation S02-I05-R001**

  Develop a quality oversight committee of the Board.

  Current Status: **Implemented**

- **Recommendation S02-I05-R007**

  Establish a PI manager role to facilitate oversight of department functions.

  Current Status: **Implemented**

- **Recommendation S02-I06-R002**

  Develop a succinct Infection Control Plan and obtain approval by the Infectious Disease Control and Prevention Committee.

  Current Status: **Implemented**

- **Recommendation S03-I02-R001**

  Establish baseline performance metrics for admission process.

  Current Status: **Implemented**

- **Recommendation S03-I03-R042**

  Perform monthly concurrent chart review of deaths.

  Current Status: **Implemented**

➢ **Recommendation S04-I02-R045**

Complete residency supervision protocols by specialty by year and implement consistently.

Current Status: **Partially Implemented**

Action Steps

1. Review existing "Supervision of Residents" administration policy and revise as necessary to ensure that all overall resident supervision requirements are addressed from a regulatory standpoint. (Implemented)
2. Obtain necessary approval of revised "Supervision of Residents" administration policy from Medical Executive Committee and CEO. (Implemented)
3. Ensure that all necessary documentation of the "Supervision of Residents" policy revisions and their approval, including all signatures, is completed and filed according to protocol. (Implemented)
4. Distribute updated documents to chairs. (Implemented)
5. Work with individual department chairs to ensure that residency supervision protocols are outlined and finalized by specialty, by training year and include all supervision requirements as outlined in the "Supervision of Residents" administrative policy. **(Partially Implemented)**
6. While developing supervision protocols, consider needs for implementing a monitoring process for the proctoring/supervision requirements. (Implemented)
7. Review and finalize, including any necessary approvals, all departmental residency supervision policies and procedures. (Implemented)
8. Following all necessary revision and approval, finalize documentation of new residency supervision policies and disseminate information, including effective date(s), to all necessary parties. (Implemented)
9. Work with training group (GME) to identify all individuals (residents, attending physicians and faculty) who need to receive orientation on revised residency supervision policies and discuss training options. (Implemented)

Audit and Compliance Division's Findings

Navigant provided a Resident Supervision Process Flow Chart, which describes the supervision procedures and related guidelines that were provided in a presentation to each of departments in August 2005. In addition, Navigant provided documents that were approved in June 2005 as attachments to the KDMC Resident Supervision Policy. The attachments include a procedure list by specialty for each department, which Navigant indicated defines procedural competency levels and supervision requirements by specialty and year.

DHS QIP reviewed the policy and attachments and determined that the general supervision policy met or exceeded the requirements of the DHS Supervision Policy No. 310.2. In addition, QIP indicated that the attachments that outlined more specific requirements

relative to moderate sedation practices, operative procedures and department specific requirements were also deemed appropriate.

However, QIP indicated that the resident procedure (prerogative) list contains detail on the specific procedures residents in each specialty service are allowed to perform. In reviewing the list, QIP identified the following deficiencies, which were concurred with by the Senior Medical Director:

- The designation of "ARS" does not differentiate between contemporaneous and non-contemporaneous levels of supervision required for various procedures. For instance, ARS (defined as always requiring (direct) supervision, does not differentiate the type of direct supervision required for a consultation versus the performance of an invasive procedure. The direct supervision for a consultation may not include the attending's or supervisory resident's physical presence whereas the attending or supervisory resident's physical presence is required for an invasive procedure. Therefore, it is not clear what level of supervision (other than ARS) is required.

- The document does not delineate supervision requirements for interns or PGY 3 in every case.

- The document does not define what year a fellowship is initiated (e.g. in some instances, a fellowship will begin at a PGY 3 or 4 level, in other cases it can begin at a PGY5 or later level. Also, some fellowships are more than one year in length and the document does not differentiate differences in levels of supervision for those years.

- The fellowship column includes an abbreviation, APPD, which is defined as "as per program director"; however, the program director's delineation of prerogatives is not included, so the level and type of supervision required is not clear.

➢ **Recommendation S06-I06-R006**

Ensure Occupational Therapy is doing Activities of Daily Living Assessments.

Current Status: **Partially Implemented**

Action Step

1. Following hiring of additional registered Occupational Therapists (OTR), develop plan to ensure that they are completing Activities of Daily Living Assessments when appropriate. (Partially Implemented)

Audit and Compliance Division's Findings

Navigant staff indicated that one new staff was hired in Occupational Therapy (OT) and a registry therapist is used one to two days per week. OT staff indicated that the OT Chief continues to monitor a sample of the medical charts on a monthly basis and reviews the daily billing records to determine that assessments are completed. During the first review, A&CD reviewed the OT QA Monitoring Tool and the QA Monitoring Indicators 2005 report of the monitoring conducted.

The previous report indicated that in a review of 30 medical records, only one contained documentation of daily individual behavioral areas having been assessed by OT. A review of 20 medical records by QIP for this review indicated daily documentation of patient behaviors for 156 (33%) of 478 days of stay. In addition, QIP reported daily documentation of occupation therapy interventions in 79% of the charts reviewed and documentation of weekly summary of behaviors and interventions in 100% of the charts reviewed.

- **Recommendation S10-I03-R004**

Revise process for analyzing patient safety issues; hold management team and staff accountable.

Current Status: **Implemented**

Action Step

1. Work with QM/Risk Management and Nursing to implement a process to improve reporting of medication errors as a transition strategy until the UHC Patient Safety Net ® incident system is implemented. (Implemented)

Audit and Compliance Division's Findings

The workplan language was revised to indicate implementation of an interim system for reporting medication errors pending the purchase of the UHC Patient Safety Net ® Incident System.

- **Recommendation S02-I05-R002**

At a minimum, revise Improve Organization Performance (IOP) Committee membership to a 15-member group that assesses departmental Performance Improvement (PI) reports.

Previous Status: **Partially Implemented**

Navigant indicated the recommendation is in progress and has not been completed; therefore, audit staff did not conduct additional review.

- **Recommendation S02-I11-R002**

  Develop an annual plan for in-service education for nurses and others regarding monitoring equipment. Involve Medical Equipment (ME) manager with all ME contract activities to assure a consistent program/compliance.

  Previous Status: **Partially Implemented**

  Navigant indicated that the recommendation was transferred to Nursing Workplan S05-I15-R009 and Navigant indicated that the recommendation was not completed; therefore, audit staff did not conduct additional review.

- **Recommendation S05-I12-R001**

  Standardize policy, procedure and equipment for Code Blues.

  Previous Status: **Partially Implemented**

  The recommendation has been revised since our first review which indicated to order replacement Code Blue Pagers with an action step to provide in-service to Code Blue Team and implement pagers. Navigant indicated that implementation of the revised recommendation is in progress and has not been completed; therefore, audit staff did not conduct additional review.

- **Recommendation S10-I03-R030**

  Evaluate alternatives for improving quality, patient safety and service delivery, including outsourcing.

  Previous Status: **Partially Implemented**

  Navigant indicated that the recommendation was not completed; therefore, audit staff did not conduct additional review.

SHORT-TERM WORKPLAN RECOMMENDATIONS

➢ **Recommendation S04-I01-R010**

Conduct Medical Director performance review approximately February 2005 in context of interim goals developed December 2004.

Status: **Partially Implemented**

Action Steps

1. Collect review feedback. (Implemented)
2. Review progress on Goals and Objectives. (Not Implemented; see finding below)
3. Develop and present review. (Not Implemented; see finding below)

Auditor Controller's Findings

DHS and Navigant were unable to provide the Medical Director's interim Goals and Objectives for December 2004 or the Performance Review for February 2005. However, the Auditors did obtain the goals prepared for the Medical Director in February 2005, for the period from February 2005 through September 2005. DHS and Navigant management were unable to provide documentation to verify whether they have reviewed the status of those goals. In addition, Navigant indicated that the recommendation will not formally be implemented until the completion of the Medical Director's performance review for the current rating period.

➢ **Recommendation S06-I07-R001**

Establish a dedicated Triage staff. Call the physician with the disposition.

Status: **Partially Implemented**

Action Steps

1. Discuss triage process and resources with Chief of Psychiatry. (Implemented)
2. Develop a triage model. (Implemented)
3. Hire necessary staff dedicated to triage. (Partially Implemented; see finding below)

Auditor Controller's Findings

Navigant management worked with DHR to hire one dedicated triage nurse. Navigant provided documentation supporting this hire from DHR indicating that the Clinical Nurse Specialist/Psychiatry is scheduled to start September 19, 2005. DHR and Navigant will continue the hiring effort until two additional full-time employees are provided for triage.

➢ **Recommendation S08-I06-R038**

Perform comprehensive review of each on-site and off-site clinic to determine patient flow, record control, scheduling, financial screening, and space and clinic support personnel issues. Develop an action plan to correct identified problems.

Status: **Partially Implemented**

Action Steps

1. Schedule review of on-site and off-site clinic, including interviews with key medical staff and managers. (Implemented)
2. Review each clinic and identify issues. (Implemented)
3. Develop a detailed action plan and implementation schedule for improvements and changes in policy and procedure. (Partially Implemented)

Audit and Compliance Division's Findings

An assessment of the clinics and ancillary services, which included comprehensive list categorized by assessment, deficiencies, and recommendations were reviewed. The action plan provided to address the identified issues indicates that the schedule for implementation is to be determined. Navigant indicated that, in agreement with DHS, the workplan would be implemented when the Director of Ambulatory Care was hired. DHS agreed that Navigant should focus on inpatient problems due to the number of patient care issues, as well as the accreditation and certification challenges faced by the hospital. Although Navigant indicated that the implementation of this action plan is not critical to JCAHO accreditation because HHHCHC is accredited, the recommendation appears to apply to on-site clinics as well.

CONCLUSIONS:

10. Navigant indicated that changes are made to the workplan based on changing priorities, new discoveries, and/or lack of improvement in performance measures. As such, the workplan has been reduced overall by 100 recommendations. It appears that some recommendations are removed from the workplan due to lack of implementation progress. For example, three recommendations that were identified in our first review as partially implemented were subsequently deleted. It should be noted that during the exit meeting with Navigant management, they indicated that in the future they will either remove recommendations that are not implemented or change the wording to ensure overall compliance with the intent of the workplan recommendations. In addition, recommendations were identified in which policies in place prior to Navigant's contract were determined to be adequate. Therefore, Navigant's recommendation was not needed.

11. Follow up of the 16 partially and not implemented recommendations from the first review indicated that seven (44%) recommendations have been implemented, two (12%) have been partially implemented, and seven were not reviewed due to Navigant either deleting the recommendation or indicating they had not been completed.

12. Of the 21 Short-Term recommendations reviewed in the second review that Navigant reported as implemented, 18 (86%) were implemented and three (14%) were partially implemented. As of July 22, 2005 Navigant reported that 217 (75%) of the 290 Short Term workplan recommendations were implemented. Based on the results of the review of the selected sample, it appears that the actual implementation of the Short Term recommendations may be lower than reported.

13. QIP and the Senior Medical Director identified deficiencies in the resident supervision protocols provided.

14. Although improvement was noted in the documentation of OT Daily Living Assessments, a review of 20 medical records by QIP indicated that the daily documentation of patient behaviors for 156 (33%) of 478 days of stay.

15. The Medical Direcotor's interim Goals and Objectives for December 2004 and the Performance Review for 2005 were not conducted. However, goals were prepared for the Medical Director in February 2005. Navigant indicated that this recommendation will not be formally implemented until the completion of the Medical Director's performance review for the current rating period, ending September 2005.

16. All the staff dedicated to triage patients have not been hired. It should be noted that the hiring of additional staff is a joint effort between KDMC/Navigant and DHR.

17. The action plan to perform comprehensive review of each on site and off site clinic to determine patient flow, record control, scheduling, financial screening, and space and clinic support personnel issues has been developed, however, an implementation schedule has not been determined.

RECOMMENDATIONS:

10. Navigant should continue to work towards implementing all recommendations specified in its Assessment workplan, including the Urgent and Short Term, and ensure that adequate follow-up and documentation is maintained.

11. Navigant should ensure that an interim plan is in place to protect patient information and compliance with privacy regulations.

12. The workplan is the overall performance indicator of the accomplishments made by both Navigant and DHS to make critical changes in the operations of the hospital. Therefore,

Navigant should not make modifications to the workplan without approval from appropriate DHS management.

SECOND REVIEW OF NAVIGANT CONSULTING, INC.'S CONTRACT NAVIGANT'S RESPONSE

SCOPE/METHODOLOGY:

Navigant response: A detailed description should be provided to identify how A&CD selected the judgmental sample. Of the 37 initiative areas, 12 areas were sampled; key areas that were not sampled include regulatory, governance, human resources, lab, and perioperative services. An explanation should be included to explain how the judgmentally selected samples serve sufficiently as audit samples.

Auditor-Controller Comments: As noted in Attachment I, our sample was selected based on the importance and risk associated with each deliverable and recommendation. In addition, we reviewed deliverables and recommendations that should have already been implemented as of the date of our review.

Navigant comment: The workplan is not appropriately described as a Navigant workplan, but should instead be described as a KDMC workplan developed and supported by Navigant. The individual accountabilities are established by position at KDMC. A Navigant staff member is identified as accountable only if they are serving in an interim role in that area.

Auditor-Controller Comments: As noted in Attachment I, the KDMC workplan was developed by Navigant.

Navigant comment: Navigant continues to be concerned about the amount of time this process takes KDMC managers, some of whom are Navigant team members, away from their appropriate focus on improvements needed for CMS and JCAHO accreditation.

Auditor-Controller Comments: These County's reviews are intended to ensure that Navigant meets their contractual responsibilities including JCAHO and CMS accreditation.

CONTRACT DELIVERABLES

Navigant Response: The last sentence should be revised to report that three (50%) of the six deliverables have been implemented and three (50%) remain in progress.

A&CD's and Auditor-Controller's Comments: Based on our findings, the implementation status has not changed.

Deliverable 1.1
Navigant Response: DHS and NCI should jointly develop and agree on the required documentation for the monthly MDEs.

Auditor-Controller's Comments: The contract requires Navigant to maintain documentation to support their MDE certification. Although the contract does not indicate the type of documentation necessary to support the MDE certification, DHS and Navigant should work together to ensure that

adequate documentation (e.g. timecards, attendance logs, etc.) is maintained and submitted along with their certification.

Deliverable 1.5
Navigant Response: A correction needs to be made regarding the status of the Clinical Nursing Director (CND) for Psychiatry. A CND for Psychiatry has been hired and is scheduled to start with the County on October 3, 2005. In addition, a description regarding the Director of Health Information Management (HIM) needs to be included in A&CD's finding, as such position was hired and started with the County on September 1, 2005. Transition plans have been executed for all positions where successful recruitment has taken place. High-level generic transition plans are in place for the remaining positions not recruited and will be individualized upon identification of the candidate based on their knowledge and skills.

A&CD's Comments: At the end of the audit period, the CND Psychiatry's start date had not been determined. The Director of HIM is discussed in Deliverable 1.7.

Deliverable 1.7
Navigant Response: The Facilities Operations and Crafts Manager position has been filled with a County interim assignee, and that person has accepted the permanent assignment.

A&CD's Comments: As noted in Attachment I, the Facilities Operations and Crafts Manager were identified and had assumed the roles.

Deliverable 1.13
Navigant Response: The status of this deliverable needs to be revised to "Implemented" as agreed upon at the exit meeting on September 13, 2005.

Auditor-Controller's Comments: As discussed at the exit with Navigant, the Deliverable states "Throughout the duration of the Agreement." Therefore, this Deliverable is considered to be In Progress.

Navigant Response: The second sentence of the finding should be revised to reflect the fact that Navigant has assisted in a retrospective review of all significant events that have occurred since January 2005. The root cause analysis for the sixth case was completed.

Auditor-Controller's Comments: As noted in Attachment I, Navigant has assisted in a retrospective review of all significant events that have occurred since January 2005.

Deliverable 2.3
Navigant Response: The status should be "implemented." The average number of patients awaiting a bed was 7 in August.

A&CD's Comments: As noted in the report, one of the three months reviewed and one of two subsequent months were above the baseline of 10 patients. Therefore, the Deliverable remains In Progress.

Deliverable 2.7

Navigant Response: The status should be "implemented." The July utilization was 34%, which is above the stated 33% target.

A&CD's Comments: As noted in Attachment I, the target utilization was met in one of the six months (July) reviewed.

Navigant Response: The second sentence should be revised to reflect the fact that the OR hours of operation were also reduced in July.

A&CD's Comments: Documentation provided by Navigant during the audit period indicated "the available hours in the operating room have been reduced four times in 2005;" however, the information provided did not reflect the month of July.

Deliverable 2.12

Navigant Response: The last sentence of the first paragraph should be revised to reflect that the JCAHO dashboard lists specific elements of performance that are currently deemed noncompliant and does not list areas that are currently deemed compliant. As agreed at the exit meeting held on September 13, 2005, this sentence should be revised because it is misleading and understates KDMC's current preparedness for JCAHO re-application.

A&CD's Comments: Based on comments made at the exit meeting, the third to the last sentence was revised to indicate, "...previously identified deficient compliance indicators."

Navigant Response: The first paragraph, second sentence should state the biweekly Patient Safety Rounds are conducted and include executives and HAB members and that KDMC managers participate in weekly mock survey rounds to self assess both CMS and JCAHO preparedness. Also, to reflect the activities accurately, the name "JCAHO preparedness meeting" should be revised to accurately refer to the "Regulatory Readiness Committee."

A&CD's Comments: Results of the self assessments are not specifically identified in the dashboard and requested surveys were not provided. The name of the Committee has been added to the report.

Navigant Response: In the fourth paragraph, it should be clearly stated that County Council and DHS management have advised KDMC that the results of the UHC mock survey are only to be shared under 1157 protection.

A&CD's Comments: County Counsel advised that a summary of the results could have been provided to the auditors and the UHC results could have been shared with (not copied to) the auditors.

CONCLUSIONS:

1. Follow up of the six deliverables previously reviewed in Phase I indicated that two (33%) deliverables have been implemented and four (67%) remain in progress.

Navigant Response: Pursuant to the agreement made at the exit meeting on September 13, 2005, between A&CD, Auditor-Controller and Navigant, the above sentence should be revised to read that "Follow up of the six deliverables previously reviewed in Phase I indicated that three (50%) deliverables have been implemented and three (50%) remain in progress."

A&CD's and Auditor-Controller's Comments: As indicated in Attachment I and as discussed at the exit conference, some of the contract deliverables require action to be taken "Throughout the duration of the Agreement". Therefore, these Deliverables are considered In Progress.

Navigant Response: Of the three outstanding, one is related to DHR and the County's recruitment success and the remaining involve the ongoing provision of full-time staff and transition planning. Transition plans have been executed for all positions where successful recruitment has taken place. High level transition plans are in place for the remaining positions not recruited and will be individualized upon identification of the candidate based on their knowledge and skills.

A&CD's Comments: As noted in Attachment I, transition plans have been completed.

2. Of the ten deliverables reviewed in Phase II, five (50%) were implemented and five (50%) are in progress.

Navigant Response: The above sentence should be revised to reflect the report that seven (70%) of the Phase II deliverables are "Implemented" and three (30%) are "In Progress". The three identified as "In Progress" relate to the on-going provision of support through the duration of the contract.

A&CD's Comments: The percentages in Attachment I are based on the audited status of the deliverables.

3. Navigant has not maintained documentation to verify that the required full-time, on-site staffing level has been provided.

Navigant Response: The above sentence should be modified to reflect that the contract does not stipulate the documentation required for the MDE's. NCI and DHS should jointly develop and agree on the documentation required to support the MDE's.

Auditor-Controller's Comments: As indicated above, the contract requires Navigant to maintain documentation to support their MDE certification. Although the contract does not indicate the type of documentation necessary to support the MDE certification, DHS and Navigant should

work together to ensure that adequate documentation (e.g. timecards, attendance logs, etc.) is maintained and submitted along with their certification.

4. KDMC developed a Nursing Skills Inventory/Competency Assessment Form; however, Navigant indicated they have not yet implemented the form to review and verify nursing staff competency.

Navigant Response: The above sentence should be revised to be consistent with the finding on deliverable 1.15. Specifically, KDMC developed a Nursing Skills Inventory/Competency Assessment Form. KDMC and Navigant are in process of completing the nurse assessments.

A&CD's Comments: As idnciated in Attachment I, Navigant is in the process of completing the nurse assessments.

7. The five months reported for the number of admitted patients awaiting a bed in the Emergency Department "holding area" indicates a decrease from the baseline. Three of the five months indicated that the average number of patients met the target and two were within one patient.

Navigant Response: This should be "Implemented." The average number of patients waiting a bed was 7 in August, below the target of 10, reflecting a significant reduction from the baseline of 19.

A&CD's Comments: As noted in Attachment I, one of the three months reviewed and one of two subsequent months were above the baseline of 10 patients. Therefore, the Deliverable remains In Progress.

8. While the operating room utilization was reported as 32% and 34% in June and July 2005, the average for the past six months is 27%. The 50% baseline target utilization is 33%.

Navigant Response: This should be marked as implemented. The July utilization was 34% and is better than the stated 33% target.

A&CD's Comments: As noted in Attachment I, the target utilization was met in one of the six months (July) reviewed. Therefore, the Deliverable remains In Progress.

9. Based on the JCAHO Readiness Dashboard provided by Navigant, the current status of the 12 areas included in the dashboard indicates that eight of the 12 are in partial compliance and four of the 12 are in non-compliance. Navigant would not disclose the results of the KDMC or UHC mock surveys and there are no other indicators to verify the status of compliance.

Navigant Response: The above sentence should be revised. As indicated in the NCI response to Deliverable 2.12, given the fact that JCAHO dashboard only lists areas that are noncompliant, the above sentence is misleading. In addition, the statement that "Navigant would not disclose

the results of the UHC mock survey" should be modified to read "UHC mock survey results are not shared based on the advice of County Counsel and direction of DHS management, however KDMC self assessment mock survey results are available."

A&CD's Comments: As indicated in Attachment I, the dashboard reflects previously identified deficient compliance indicators. County Counsel advised that a summary of the results could have been provided to the auditors and the UHC results could have been shared with the auditors.

RECOMMENDATIONS:

4. Navigant should continue to assure that root cause analyses are conducted on all incidents determined to be significant events and make and implement recommendations to address and resolve personnel and systems issues uncovered by the root cause analyses.

Navigant Response: All six of the root cause analyses identified as required jointly with DHS have been completed within 45 days.

Auditor-Controller's Comments: As indicated in Attachment I and as discussed at the exit conference, some of the contract deliverables require action to be taken "Throughout the duration of the Agreement". Therefore, this Deliverable are considered In Progress.

REVIEW OF THE ASSESSMENT WORKPLAN

Recommendation S04-I02-R045
Navigant Response: Step #5 has been demonstrated and all the action steps were implemented. Therefore the recommendation should be "Implemented." If DHS identifies further suggestions on the policy or other policies they should do so concurrently to supplement the process.

A&CD's Comments: As noted in Attachment I, deficiencies in the provided resident procedure (prerogative) list were identified. The procedure list does not clearly identify the level and type of supervision required.

Recommendation S06-I06-R006
Navigant response: Status should be "Implemented." This recommendation intent was to ensure that OTR initial assessment was completed within 24 hours. As noted 100% of the 20 record sampled had this documentation.

A&CD's Comments: As noted in Attachment I, daily documentation of patient behaviors was noted in 33% of the patients' days of stay.

Recommendation S10-I03-R030
Navigant Response: This recommendation's status was revised to "Not Complete" in the workplan, due to the fact that the RFP for outsourcing pharmacy is being drafted. The next step is for further review by Contracts and Grants.

A&CD's Comments: As noted in Attachment I, Navigant indicated that the recommendation was not completed; therefore, audit staff did not conduct additional review.

Recommendation S04-I01-R010
Navigant Response: The status should be "Implemented." The status of action step #2 and #3 should be revised to "Implemented" to reflect A&CD's follow up with the Medical Director as agreed upon at the exit meeting held on September 13, 2005. Navigant has had ongoing reviews of the Medical Director's progress, and mentoring on Goals and Objectives through August has been accomplished.

Auditor-Controller's Comments: Based on Navigant's comments at the exit meeting, we contacted the KDMC Medical Director to determine whether the goals and objectives had been discussed with him. On September 16, 2005, the Medical Director indicated that no one had reviewed the status of his goals. In addition, Navigant was unable to provide any documentation to support the implementation of the action step (2).

Recommendation S06-I07-R001
Navigant Response: As explained and agreed at the exit meeting held on September 13, 2005, triage has been covered by the newly hired clinical nurse specialist and by physicians. While other hiring efforts will continue, the process to fulfill this recommendation has been put in place, and therefore the status should be considered "Implemented".

Auditor-Controller's Comments: Only one nurse dedicated to triage has been hired. DHR and Navigant indicated that they will continue the hiring effort until two additional full-time employees are provided for triage.

Recommendation S08-I06-R038

Navigant Response: The status should be marked "Implemented." For action step #3 of the recommendation, a detailed plan was created. DHS chose not to fund the ambulatory interim management position and implementation was delayed until the position is successfully recruited.

A&CD's Comments: As noted in Attachment I, a detailed action plan was developed, however, an implementation schedule has not been determined.

CONCLUSIONS:

10. Navigant indicated that changes are made to the workplan based on changing priorities, new discoveries, and/or lack of improvement in performance measures. As such, the workplan has been reduced overall by 100 recommendations. It appears that some recommendations are removed from the workplan due to lack of implementation progress. For example, three recommendations that were identified in our first review as partially implemented were subsequently deleted. It should be noted that during the exit meeting with Navigant management, they indicated that in the future they will either remove recommendations that are not implemented or change the wording to ensure overall compliance with the intent of the workplan recommendations. In addition, recommendations were identified to be no longer applicable or where policies in place prior to Navigant's contract were determined to be adequate. Therefore, Navigant's recommendation was not needed.

Navigant Response: In the above paragraph, the third and fourth sentences should be removed from the report, as such descriptions are not accurate. As explained to and understood by DHS, the workplan is a "live" guide to KDMC's improvement efforts and has been reviewed and updated as such. The fifth sentence should be removed as well, since the description is not accurate. The sixth and the last sentence should also be removed since the purpose of including those sentences is not clear in light of the workplan's nature. Documentation identifying the reasons for removal were documented and approved per the established process (see attached). Lastly, the alleged confirmation by Navigant management noted in this conclusion did not occur.

A&CD's and Auditor-Controller's Comments: The status noted in Attachment I is based on the information provided by Navigant and verified during the audit period. The information discussed in Navigant's above response was not provided during the audit. We revised Attachment I to clarify a statement made by Navigant management during the exit meeting regarding modifications to the workplan.

11. Follow up of the 16 partially and not implemented recommendations from the Phase I review indicated that seven (44%) recommendations have been implemented, two (12%) have been partially implemented, and seven were not reviewed in this phase due to Navigant either deleting the recommendation or indicating they had not been completed.

Navigant Response: The percentages are misleading. Of the 10 Phase I recommendations reviewed eight (80%) have been identified as "Implemented" and Navigant is challenging the "Partially Implemented" decisions on the remaining two (20%).

A&CD's Comments: The percentages in Attachment I are based on the audited status of the recommendations and deliverables.

12. Of the 21 Short-Term recommendations reviewed in Phase II, 18 (86%) were implemented and three (14%) were partially implemented. As of July 22, 2005 Navigant reported that 217 (75%) of the 290 Short Term workplan recommendations were implemented. Based on the results of the review of the selected sample, it appears that the actual implementation of the Short Term recommendations may be lower than reported.

Navigant Response: Navigant is challenging the status of the three recommendations deemed partially implemented. See specific recommendation comments. With these changes Navigant and audit staff would agree that 100% of the recommendations marked "Implemented" were complete.

A&CD's Comments: The percentages in Attachment I are based on the audited status of the recommendations and deliverables.

14. Although improvement was noted in the documentation of OT Daily Living Assessments, a review of 20 medical records by QIP indicated that the daily documentation of patient behaviors for 156 (33%) of 478 days of stay.

Navigant Response: This recommendation was to ensure that OTR initial assessment was completed within 24 hours. 100% of the sample medical records had this documentation.

A&CD's Comments: The workplan recommendation indicates, "to ensure they are completing Activities of Daily Living Assessments when appropriate." As noted in Attachment I, daily documentation of patient behaviors was noted in 33% of the medical records reviewed and weekly summaries were noted in 100% of the records.

15. The Medical Director's interim Goals and Objectives for December 2004 and the Performance Review for 2005 were not conducted. Navigant indicated that this recommendation will not be formally implemented until the completion of the Medical Director's performance review for the current rating period.

Navigant Response: In the above paragraph, the first sentence should be revised to reflect the fact that the Medical Director's Goals and Objectives are complete and that his 2005 performance review is not yet due.

Auditor-Controller's Comments: Based on Navigant's comments at the exit meeting, we contacted the KDMC Medical Director to determine whether the goals and objectives had been discussed with him. On September 16, 2005, the Medical Director indicated that no one had reviewed the status of his goals. In addition, Navigant was unable to provide any documentation to support the implementation of the action step (2).

16. All the staff dedicated to triage patients have not been hired.

Navigant Response: The above paragraph should be revised to reflect the fact the staff dedicated to triage patients have been hired and that the hiring of additional staff is a joint effort between KDMC/Navigant and DHR.

Auditor-Controller's Comments: As indicated in Attachment I, one nurse dedicated to triage has been hired. DHR and Navigant indicated that they will continue the hiring effort until two additional full-time employees are provided for triage.

17. The action plan to perform comprehensive review of each on site and off site clinic to determine patient flow, record control, scheduling, financial screening, and space and clinic support personnel issues have not been developed.

Navigant Response: The above paragraph should be revised to reflect the fact that the ambulatory assessment was completed and the workplan has been developed. Also, it should clearly note the status of the ambulatory workplan. DHS did not fund an interim Director of Ambulatory Care.

A&CD's Comments: As noted in Attachment I, a detailed action plan was developed, however, an implementation schedule has not been determined.

RECOMMENDATIONS:

11. Navigant should ensure that an interim plan is in place to protect patient information and compliance with privacy regulations.

Navigant Response: It is not clear how this statement relates to an audited recommendation

A&CD's Comments: Although Navigant indicated the recommendation regarding privacy issues was deleted from the workplan due to a pending alternate solution, as noted in Attachment I, an interim plan needs to be in place to comply with privacy regulations.

12. The workplan is the overall performance indicator of the accomplishments made by both Navigant and DHS to make critical changes in the operations of the hospital. Therefore, Navigant should not make modifications to the workplan without approval from appropriate DHS management.

Navigant Response: The above paragraph should be revised to reflect the fact that the workplan is a guide to the improvement efforts, not a performance indicator. To be clear, all workplan modifications are reviewed by KDMC Chief Implementation Officer and approved by KDMC CEO.

A&CD's Comments: As noted in Attachment I, Navigant should not make any additions, deletions or modifications to the workplan without appropriate authorization from DHS executive management. In addition, it should be noted that both the KDMC Chief Implementation Officer and the Chief Executive Officer are Navigant employees.